

13 March 1956

Chief, Information Requirements Staff, OWR

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ATTN : [REDACTED] 25X1A9a
THRU : Chief, Services Division
Chief, Trade Branch

Requirements for ID-C-1230

1. What is the amount of Hungary's currently outstanding foreign indebtedness? Outside the Bloc? Intra-Bloc? How is this indebtedness secured? Is it being refinanced periodically, and if so, on what terms and with whom? (private banks? government agencies, etc.) Are there any present prospects of long-term, consolidated refinancing? Has Hungary had a persistent credit or debit balance on her trade within the Bloc? In either case, what has the approximate magnitude of this balance been? To what extent does insistence by CEMA (or the USSR) that specific commodities be exported to Bloc trading partners prevent their sale in the West for Western exchange? (Alternatively are intra-Bloc markets readier to accept Hungarian products - quality-wise - than Western buyers?)

2. Are barter deals currently being negotiated between Hungary and Middle or Far Eastern countries on terms economically favorable to Hungary? Is Hungary under political pressure to grant credit terms she herself cannot afford? Does Hungary receive under these deals goods surplus to Hungary's own requirements? If so, does she attempt to reexport raw materials acquired in this fashion? Is it necessary to accept a loss in doing so?

3. How do the prices commonly charged by Hungary in sales to the west compare with a) prices for the same commodities entering into intra-Bloc trade and b) with the domestic forint cost of producing these commodities? How are losses on export sales made up to the producing enterprises? Is any distinction made in export price policy between agricultural goods, other raw and semi-processed materials, and manufactured products? Are foreign trade prices charged and received on a single commodity uniform throughout the Bloc? Is preferential treatment on prices received by the USSR or any other satellites?

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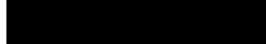
4. Does Hungary act as a purchasing agent for any other members of the Bloc in the West? Does she receive Western products through Bloc trading partners? Is it common practice for Hungary to sell goods in return for commodities intended primarily for re-export rather than domestic use? Where such multilateral deals are arranged are the commodities physically transhipped through Hungary? sometimes? usually? seldom? When Hungary engages in multilateral transactions, does the deal commonly result in profit or loss to Hungary?

5. To what extent does Hungary buy and sell through middlemen? Who takes the initiative in arranging such transactions? How much commission does Hungary normally have to pay for such services? By how much does the necessity of buying on credit and/or through middlemen increase the cost to Hungary of buying in the West? Specifically, what role do Dutch, Swiss, and West German firms play in arranging and financing Hungarian trade?

6. What role does CMEA play in determining the precise pattern of trade among Bloc members? Are absolute import-export quotas assigned to trading partners? Are the quotas provided in the annual trade agreements usually fulfilled promptly: by Hungary? by Hungary's trading partners? How much discretionary leeway do the import-export enterprises have in negotiating specific contracts: with the West? with the Bloc trading partners?

7. Do the new five-year plans envisage any change in the volume or commodity composition of Hungarian trade with the USSR? with the rest of the Bloc? with the West?

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